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USSR Report

CONSUMER GOODS AND DOMESTIC TRADE

No. 6

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SOLOMENTSEV CALLS FOR ADEQUATE SUPPLIES OF FOODSTUFFS

Moscow IZVESTIYA in Russian 10 Jun 80 p 2 LD

[From TASS report on speech by M. S. Solomentsev, candidate member of the CPSU Central Committee Politburo and chairman of the RSFSR Council of Ministers, at 9 June award ceremony in Tomsk--for fuller version of speech see FBIS Soviet Union DAILY REPORT, 18 June 1980, pages S4-S9]

[Excerpt] While noting what has been achieved, it must be acknowledged that agriculture is still developing at an inadequate rate. Moreover, unfavorable weather conditions continue to have a perceptible effect on it. As a result certain difficulties arise in supplying the population with certain products. The CPSU Central Committee stresses that one of the most important tasks at present is to ensure an adequate supply and a wide range of high-quality food products for the population. The fulfillment of this task is associated, above all, with increasing production of grain, meat, milk and other products and solving the fodder problem.

The necessary efforts are being made to further increase the number of all types of livestock, increase livestock productivity and strengthen the fodder base for public-sector livestock raising. Great work is being done in this direction in Tomskaya Oblast. In the current year kolkhozes and sovkhoses have improved livestock productivity and increased the sale of meat, milk and eggs to the state. At the same time many farms are not fulfilling plans for the production and purchases of agricultural products and are permitting large expenditure of resources and labor per unit of output. Here we have great reserves, and these should be fully utilized.

Here it is important to direct greater attention toward fieldwork. Particular significance is attached to resolving the problem of stabilizing cadres and creating conditions which stimulate young people's desire to devote themselves to labor in agriculture. Tomskaya Oblast can and must produce more agricultural products!

The line adopted by Tomsk's city and oblast organizations on creating a kind of belt of major specialized agricultural enterprises around the city undoubtedly deserves approval. The greatest attention would also be drawn to such a substantial reserve for improving the supply of food products to the population as citizens' private plots and individual horticulture by working people living in cities and workers' settlements.

In accordance with the party's agrarian policy considerable capital investments will continue to be directed into agriculture. In these conditions it is important to increase the efficiency of utilization of resources invested in kolkhoz and sovkhoz production and to increase the responsibility of leaders and specialists and all rural working people for the careful and rational utilization of the tremendous resources now at the disposal of kolkhozes and sovkhozes.

CSO: 1827

CONSUMER GOODS PRODUCTION AND DISTRIBUTION

MINISTRIES ARGUE CAUSES AND CURES OF GOODS SHORTAGES

Light Industry's Defense

Moscow LITERATURNAYA GAZETA in Russian 26 Sep 79 p 10

[Article by First Deputy Minister of the USSR Ministry of the Light Industry
A. Plokhov: "The Anatomy of Shortages"]

[Text] One year ago on 23 August "Literaturnaya Gazeta" published the minutes of a round table discussion at which the following problems raised by readers were touched on:

- Why is the sale of some items which have been marketed for some time irregular?
- Why, as a rule, do stores run out of the most popular, inexpensive items?
- Why can the salesperson not say when the store expects the next shipment of the item it has run out of?
- Why do the store's interests often not coincide with those of the customers?
- Why are the stores totally unable to reduce the lines of customers?

The managers of the USSR Ministry of Trade, a number of the country's largest self-service department stores, marketing specialists and light industry employees participated in the round table discussion. In publishing the minutes of the session which lasted several hours, naturally in a condensed version, the editors did not conceal the poignancy of the polemics which took place between the representatives of industry and the trade network.

The readers subsequently supported the editors' opinion according to which the position of the trade network's representatives proved to be much more

preferable, and their answers--much clearer. In accounting for this, the USSR Ministry of Light Industry employees complained that numerical equality was not observed in the round table discussions--the "trade network side," in their opinion, was more fully represented. But this was the fault of the "other side" as the editors had invited the Ministry of the Light Industry managers to participate, but they did not attend.

In February of this year the editors felt the need to return to the subject of the August conference, the minutes of which were entitled "Shortages and Lines: Who is to Blame?". The subsequent letter received from the Ministry of the Light Industry managers did not provide an exhaustive answer to the questions posed. In the issue of 28 February 1979 the editors published an afterword to the official answer, expressing their dissatisfaction with the hazy promises of the Ministry of Light Industry.

At that time, however, the editors stated that they had no intention of troubling the Ministry with questions which it has such a hard time answering. And the editors publicly proposed that a new round table discussion be held with the same agenda exactly one year after the first.

The editors have not forgotten their promise. And they could not inasmuch as they have received dozens of reminders from their readers: remember that February article "Let's Meet Again in August?".

And nevertheless we did not convene a conference... But there is a good reason for this. The Ministry's management suggested an article in place of the round table discussion... The editors accepted this suggestion in consideration of the fact that it would be more economical to publish in the same space an article rather than the minutes of a new conference. The reader can judge for himself as to how complete are the answers contained in it to the questions posed last August.

The Item Has Disappeared!

The press quite often writes about irregularities in the sale of this or that item. And just as soon as the shortage is discovered, the press

raises the roof: the item has disappeared! On the other hand, the item which has "disappeared" remains in production just as it was before, and in even greater quantities. The shortage occurred because the demand for it increased drastically and began to exceed the number being marketed.

At present there is a severe shortage of cotton materials and articles made of cotton--undergarments, hosiery, women's toilet articles, children's tights, thread and others. According to the data of the trade organizations, the demand for these items is satisfied 70-80 percent.

But, perhaps, light industry has reduced output of these items? nothing of the kind. If in 1975 755 million meters of cotton was produced, the production goal for this year is 925 million meters. Material for jeans in this period increased from 16.7 million to 69.8 million meters, and for hosiery made from cotton yarn--from 747 million to 754 million pairs. The plan calls for the production of 162 million more sets of undergarments, 100 million pairs of tights--63 million pairs of them in children's sizes. etc.

But then one could assume that light industry is increasing output capacity more slowly than is needed, if as before the supply of these items in the trade network continues to lag behind demand? That is closer to the truth.

However, who will object, if I say that some ten years ago shirts made of synthetic materials, men's stretch socks, women's nylon stockings and other items were popular just as cotton shirts are now? Fashion sets the pace. And no one could ignore it.

At that time the drastic increase in the demand for stretch and nylon items took the form of an increase in orders from the trade network for synthetic items. In accordance with this fashion trend and the orders placed by the trade network, light industry established its production programs. During this period we were compelled, for example, to reduce the output of hosiery items made from cotton yarn from 878 in 1965 to 727 million pairs in 1970. And the production of the synthetic items in this same period increased 255 million pairs. At that time these items were in very short supply. And the network's orders for them greatly exceeded industry's output potential--in the same way as the output of cotton items does today.

Thus, shifts occurred in the range of items produced by light industry factories in the direction of synthetic items. Associated with this were changes not only in material supply but also in plant retooling. Different raw material requires different equipment. It became necessary to disassemble a great number of machines designed to produce cotton items and to replace them with equipment designed to produce synthetic items. As a result of this reorientation in production on-line capacity in light industry was reduced 150 million pairs of cotton hosiery items.

The trend toward synthetics was at the same time accompanied by a trend toward tights. Tights are a comfortable and practical thing. That is why their popularity grew at a fantastic rate. In 1965 industry manufactured 2,760,000 pairs of tights, but this year the figure will be 252 million. But what effect did this have on production? Accelerated production of tights yielded a capacity loss for light industry. The manufacture of 252 million pairs of tights from the point of view of raw material consumption and equipment utilization equals a reduction of 700 million pairs of hosiery items.

This is why only the appearance of a solution to the problem is created, when some say that one need only reverse the process in order to eliminate the shortage of cotton items. That is reducing synthetics output by giving preference to natural fiber. But in order to accomplish this a sizable portion of the equipment designed to manufacture synthetics must be taken off line and replaced with machines designed to produce cottons. Firstly, there are no uncommitted resources of natural fiber--cotton, wool or flax and, secondly, one should not shift from one extreme to the other on the basis of potential future supplies of raw materials. One must keep in mind that in the Soviet Union just as in other countries agricultural raw materials output lags far behind the growth of product output and consumption. On the other hand, synthetic fibers combine nicely with natural fibers in garment blends, i.e. in certain proportions combining elastic material and nylon with cotton increases product quality and salability.

But if everything is clear, why then are the shortages not eliminated, the reader asks. This question gets to the essence of the problem.

Demand Yields...Shortages

At present the output capacity for manufacturing outerwear and undergarments, fiber material and sewn items is utilized 95-98 percent, i.e. at maximum. What remains are only the losses which are incurred in any industry. But if there is no uncommitted capacity, then the only way to increase the output of one item for a short period is to reduce output of another. And are there such items manufactured from natural fibers which could take up the slack? There are no items which go completely unsold. Everything is needed, everything is in demand.

Why, for example, has the shortage of a material like cotton worsened? The demand for it has increased drastically. In fact, the textile industry manufactured 893 million meters of this material in 1970, and in 1977--812 million meters. It would seem possible to blame us for reducing the output of cotton items in short supply, but the demand for cotton materials has increased. And at this same time the textile industry increased the output of other types of materials. Instead of 655 million meters of dress materials the textile industry will produce 833 million meters in

1979. And where did the reserve capacity for the production of labor-intensive jeans materials come from, if they were not produced as a result of the increase in the demand for suits made from them?

In order to put an end to one shortage without creating another one, we attempt to eliminate the shortage of items through preferential development of output capacity for today's shortages. In so doing we implement the decisions of the Party and government to better satisfy the public's needs for mass demand items.

However, one should also say that industry is also guilty of aggravating the shortage inasmuch as it does not meet the production goal set for many items such as cotton materials (a shortfall of 140 million meters for 7 months), children's shirts (100,000), and some other items.

The USSR Ministry of the Light Industry and the ministries of light industry of the union republics systematically review these problems at meetings and adopt timely measures in order to insure the fulfillment and overfulfillment of the output goals for items in short supply.

In mobilizing the output potential of a number of factories the ministry made the decision to produce and deliver to the trade network before the end of 1979 12.8 million sets of children's cotton underwear, 378,000 sets of infants' underwear, 10 million rubles worth of nursery-age children's underwear, 5 million pairs of tights, 13.1 million pairs of socks, and some other items. By 1980 the production of cotton, for example, will reach 953 million meters, dress fabrics--867 million meters, jeans materials--72 million meters, handkerchief material--85 million meters.

The sewing industry, having received additional allocations of raw material resources, will manufacture 17 million more shirts made of cotton blends. The output of children's cotton suits will increase from 11.5 to 14 million, children's trousers--from 30 to 34 million pairs; output of underwear for infants will increase 8 percent and underwear for nursery-age children --18.7 percent.

All this will be achieved primarily through increases in labor productivity and refurbishing and retooling of existing factories. The supply of cotton items will be considerably improved by the addition in 1979-1980 of new capacity of 27 cotton industry factories, including 12 spinning mills designed to manufacture a total of 388 million meters of ready-made fabrics. Seven factories producing outerwear and four producing cotton underwear will also be placed in service. Two will produce hosiery items.

We are also planning to achieve a noticeable increase in the supply of cotton items to the trade network by reducing the use of cotton items for industrial needs and redirecting them for the manufacture of sewn items. Currently 865 million meters of these fabrics are used in the form of a

lining (base) for synthetic leather, oilcloth, gauze and other optional purposes. The Ministry has developed measures thanks to which 470 million meters of cotton fabrics used for industrial purposes will be replaced by non-fabric materials before 1985.

but even after this will the demand for cotton fabrics be completely satisfied? If we use the orders placed by the trade network which, as a rule, reflect not the actual industry output potential--either in terms of capacity or raw material resources, but rather the assumed needs of the public--then we would need to manufacture not 8 billion 16 million meters this year but 9 billion 750 million meters, i.e. increase output 22 percent in a single year. Such an increase in cotton garment industry production has been approved for the entire 10th Five-Year Plan. Furthermore, in order to satisfy this request of the trade network, we must increase the output capacity by an amount equal to that of nine major cotton combines. This will require over one and a half billion rubles of capital investment per year, whereas we expect to receive no more than 2 billion 300 million rubles for development of the cotton industry during the entire five-year plan.

This same divergence between the growing orders of the trade network and the rate of output increase is observable in other industry sectors as well. This is one more example of the need to discuss a more fundamental solution to the problem of satisfying the public's needs for light industry products. The task is to achieve a comprehensive development of consumer goods production, as stipulated in the decree of the CPSU Central Committee and the USSR Council of Ministers "On Improving Planning and Strengthening the Influence of the Economic Mechanism on Increasing Production Efficiency and Quality of Work."

How To Adjust Output?

The number of goods on the market will not be increased simply by creating additional output capacity in the sectors which manufacture fabrics, clothing and footwear. The problem is still the raw materials. For example, the established supply limit for raw cotton used in manufacturing cotton items is insufficient. And in order to increase capacity to the level to which the trade network is oriented, not 1,352,000 but 1,573,000 tons of raw cotton will be required. Furthermore, judging by the growing orders of trade organizations for high-quality cotton items, fine fabrics, such as for example madapolam and chiffon, resources of this raw material need to be increased primarily through use of high grades of fine-grained cotton. Production of high-quality synthetic fibers needs to be greatly increased as well as dyes and other materials in the right assortment.

Eliminating the shortage of high-quality items in light industry is associated also with increasing the production of primary raw materials and semimanufactures--flax, wool and leather.

In many cases the endurance of the shortages can also be explained by the limited nomenclature and insufficiently high technological level of the equipment supplied by the Minlegpishchemash plants. For example, the Soviet machine-building industry does not produce some types of machines for completing technological lines for the finishing production. Because of the lack of printing equipment in the industry the production potential of fashionable cotton prints is limited. Also lacking is the equipment for finishing jeans materials. Production of elegant fashionable footwear is retarded by the low technological level of the machines which perform stretching and smoothing operations supplied by the machine-building industry. The development and incorporation of production equipment which forms the basis for technical progress in the sector are being delayed. I have in mind the pneumatically operated cotton spinning machines with a turbine rate of 60,000-70,000 revolutions per minute, spindleless spinning machines for wool and flax flat sectional looms and straight knitting machines for tricot wear.

Until now we have been speaking about the material causes of shortages. But there are times when the shortage is artificially aggravated. When there appears to be some difficulty in satisfying the demand for some time the customer starts hoarding 15-20 pairs of stockings, tights or cotton fabrics and threads in great quantities... In such instances the customer himself aggravates the shortage. Industry is compelled to spend government money to satisfy an artificially created need, but some time later the item previously in short supply is left on the store shelf. For example, industry was misled in the production of looped towels, oilcloth and some other items: initially the trade network placed extremely large orders, and then this was followed by a drastic reduction in demand and, accordingly, in production.

Consequently, trade organizations can also prevent shortages by establishing more realistic needs in product variety based on the government-established light industry production goals. If the trade network arbitrarily increases its orders annually 30-40 percent, whereas a 4-5 percent growth rate has been projected for the industry, then this yields nothing except disorientation in the planning of product variety and disruptions in supply discipline. Public demand will be better satisfied, if the trade network starts to take into consideration the established industry production plan.

Why does the trade network not do this? In order to place orders at volume levels which industry can manage, more detailed study of demand for items produced and better analysis of the movement of goods through the trade network are needed. And this just happens to be the area in which the network is weakest.

Employees of the All-Union Scientific Institute for Market Research and Consumer Demand recently studied children's wear. What did they find? Supply irregularities were caused by shortages of children's footwear and some items in certain sizes accompanied by a surplus of these articles in other sizes.

Thus, in concluding the discussion one should say the following. The conveyor off which come clothing and footwear is only the final stage of an overall process which employs workers in many sectors of the economy. Product shortages cannot be eliminated, if we do not have an equal effect on those who determine demand, those who provide the raw material, those who produce the articles and, of course, those who serve the customers.

Trade Ministry's Response

Moscow: LITERATURNAYA GAZETA in Russian 12 Dec 79 p 11

[Article by USSR Deputy Minister of Trade S. Sarukhanov: "Everything Depends on Demand"]

[Text] The USSR Ministry of Trade has reviewed the article of the First Deputy Minister of the USSR Ministry of Light Industry Comrade A. I. Plokhov "The Anatomy of Shortages" and considers that it discusses important problems and provides an analysis of the objective causes which restrain increases in consumer goods output by light industry factories and make it impossible to more completely satisfy the needs of Soviet people for these products. The problems touched on in the article are topical and timely, but solutions to them are very slow in coming, a fact which further aggravates shortages of these items.

One of the decrees of the USSR Council of Ministers clearly indicates that the ministry which is the primary organization engaged in the manufacture of these products bears responsibility for satisfying the economy's and the public's needs for products of the necessary variety and quality.

Therefore, the role of the USSR Ministry of the Light Industry as the primary ministry engaged in the production of clothing, footwear and fabrics must be considerably increased.

Nonetheless, some aspects of the article require clarification.

The author notes that in order to put an end to one shortage without creating another industry strives to eliminate the product shortage through preferential development of production of this group of items. In fact, in a number of instances an increase in the production of some items currently in short supply results in shortages of others.

Thus, for example, in order to eliminate the shortages in absorbent towels and to comply with the decree of the CPSU Central Committee and the USSR Council of Ministers "On Measures to Insure Subsequent Development of Consumer Goods" the USSR Ministry of the Light Industry decided to increase production of these items by reducing the output of colorful shirt and dress fabrics. In 1975 the factories of the USSR Ministry of Light Industry manufactured 105.9 million meters of absorbent towels (compared with a plan

(figure of 145.2 million meters) or 74 million meters more than was produced in 1970. In this same period shirt fabric output decreased accordingly.

Since that time the requirements of the clothing industry and customer service organizations designed to insure shirt fabric supplies remain unsatisfied. Furthermore, a considerable portion of the absorbent towels was produced in an unsatisfactory variety and color format. The trade organizations refused to accept these towels, correctly taking into consideration the opinion of customers.

An analogous situation occurred with oilcloth fabrics, the output of which was increased in 1972 12 million meters compared with 1970 by reducing that of sheet linens already in short supply 21 million meters.

The insufficient growth in the overall output of calico, sateen, underwear and other cotton fabrics and the systematic failure to fulfill the production plan for these fabrics in the prescribed variety is one of the main causes of shortages of these items. In three years and eight months of the 10th Five-Year Plan the factories of the textile industry failed to produce 589.1 million meters of cotton fabrics. For the entire 9th Five-Year Plan--1,173 million meters.

One cannot agree with the article's author on the matter of the replacement of some types of equipment manufactured in connection with the mass incorporation of synthetic fibers in the industry. Thus, for example, it is true that due to the drastic increase in demand for stretch print socks some obsolete and worn-out machines which produced cotton sock from carded yarn were actually taken out of production.

In their place were installed state-of-the-art machines of the same class which possess considerable technological capabilities for manufacturing a great range of hosiery items (prints, reliefs, stretch and pressed items) from all types of fibers and blends, an improvement which made it possible to solve the problem of increasing the technological level of current hosiery variety.

The same tendency to increase the output of one variety by reducing that of another is observed in the production of socks.

As concerns the viewpoint of Comrade A. I. Plokhov on the matter of orders placed by the trade network, the facts he cites are unsubstantiated.

The USSR Ministry of Trade is guided by the instructions of the 25th CPSU Congress: "the orders of the trade network should become the basis for determining the volume of output and variety of consumer goods."

The opinion of the article's author that demand will be better satisfied if the trade organizations determine the required market volume on the basis of the approved production plan and the product mix on the basis of

the industry's available raw materials and output capacity is, in our opinion, incorrect. In that case the essence and role of the trade organizations' orders are distorted. The trade network's role is to reflect the needs of the market and to actively participate in the formulation of the industry's production program in accordance with demand, and not simply to keep statistics.

The managers of the USSR Ministry of Trade were criticized at the last plenum of the CPSU Central Committee. L. I. Brezhnev stated: "It is the direct responsibility of the trade network to influence industry more actively, to seek from it those goods which the consumer really needs and to utilize resources in a more timely fashion." The truth of this requirement can be confirmed by a great number of examples. Here are two: during the current 10th Five-Year Plan the orders of the USSR Ministry of Trade for cotton fabrics are being satisfied 85-88 percent and for underwear cotton tricot manufactured from cotton yarn--still less.

One should add that in the work of the trade organizations in the areas of studying demand and formulating orders there are some shortcomings and oversights which specialists of the USSR Ministry of Trade, wholesale and retail organizations and also our scientific-research institutes are working to eliminate.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

MOLDAVIAN OFFICIAL DISCUSSES TRADE-INDUSTRY RELATIONS

Moscow SOVETSKAYA TORGOVLYA in Russian 22 May 80 p 2

[Article by M. Cholak, Minister of Trade of the Moldavian SSR: "Different Sectors But the Same Goal"]

[Text] Over the course of 4 of the years of the five-year plan, 3.15 billion rubles more worth of various goods were sold in our republic than over the corresponding period of the Ninth Five-Year Plan. Thirty-four million rubles more worth of goods, of local Moldavian production for the most part, were sold in the first quarter of this year than specified by established plan targets.

Such rapid growth in the public's purchasing power dictates the necessity of developing a qualitatively different, a better and more effective, mechanism governing the relationship between trade and industry. It, that is, this mechanism, must be flexible and capable of responding rapidly to trends in style and consumer demand. It must also be a highly economically efficient mechanism, one providing an incentive to collectives to develop and produce new and better patterns and models of goods and making possible the fullest possible utilization of available raw material and existing enterprise capacities.

The labor cooperation agreements between trade people and industrial enterprise collectives meet these requirements. More than 150 of these agreements have been concluded for the current year within the republic Ministry of Trade system alone.

Cooperation under the motto "Made Well, Marketed Well" is an important instrument for achieving the ultimate goal of competition--maximum satisfaction of the growing needs of the Soviet peoples.

From among the other effective forms of cooperation between trade and industry we should mention the interdepartmental trade-production association Obuv' [Footwear] which has been established in our republic. It has brought together managers and leading specialists of the leather and

and footwear branch of the Ministry of Light Industry of the Moldavian SSR, the republic's Moldobuv'torg warehousing center as well as of retail trade enterprises. A board of directors directs the association's activities.

Members of the board of directors meet every month, more often if necessary, to make decisions concerning practical operational matters connected with changes in assortment, production quality, the organization of sales displays and so forth. The Obuv' association has established a general fund to finance the advertisement of new products and the study and forecasting of consumer demand.

These joint efforts, based on mutual responsibility of all components involved in the production of high-quality goods in line with current trends in style and on high footwear marketing standards and practices, are producing positive results. The Zorile footwear association, for example, replaces 75-80 per cent of its assortment with new items each year and manufactures small lots of fashion footwear exclusively on the basis of market orders.

Consumer demand research is acquiring special importance under current market conditions. We can mention in this connection the useful experience accumulated by the interdepartmental council on consumer demand research set up under our republic's Council of Ministers.

A vigorous search for new modes of demand research is characteristic of its recent efforts. It has, among other things, developed a special technique; trained sales people and department and section managers and established reference points and stores from which to keep track of consumer demand for 500 nonfood products of mass consumption.

Through application made by our republic organizations, Moldavia was admitted in 1977 to participation in the work of the center coordinating the production of goods in this category, in which the Baltic republics and Belorussia were already participating.

The range of the coordinating center's activities includes the practice of arranging exhibitions for the viewing and inspection of new products manufactured for the most part from raw materials obtained locally as well as from those left over from industrial production operations in plants under union jurisdiction and other activities. These all contribute to increasing production of goods needed by our consumers. On the basis of a study of consumer demand and of enterprise resources, the republic's Gosplan planned in the past year alone for republic enterprises to produce an additional 44.8 million rubles' worth of consumer goods. They in fact delivered 91.5 million rubles' worth more.

The fact also has to be mentioned, however, that some trade union organizations and industrial managers do not concern themselves with matters connected with consumer goods production and brush this bothersome business

aside. The tractor plant in Kishinev, for example, manufactures five or six trivial items which have not had much success for some 600-700,000 rubles a year.

It should be emphasized that trade union organizations cannot disregard failures to fulfill obligations assumed in contracts concluded with trade agencies. We have no few complaints about industry performance in this regard. In connection with overall fulfillment of the plan for consumer goods deliveries, we have received deliveries short by more than 14 million rubles' worth of an assortment of various goods. Trade union committees should monitor more closely the fulfillment by industrial enterprises of their contract obligations with respect to the trade sector. It is also necessary to give thought to means of organizing more effective control of the quality of goods going onto the market.

I would like to say in conclusion that only through the joint efforts of industrial management and trade union organizations can there be accomplished the large-scale tasks involved in satisfying the public's growing demand for consumer goods.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

NEED FOR PROFITABILITY NORMS IN WHOLESALE TRADE

Alma-Ata NARODNYYE KHOZYAYSTVO KAZAKHSTANA in Russian No 1, Jan 80 pp 64-66

[Article by N. Yekenina, teacher in the Alma-Ata branch of the Correspondence Institute of Soviet Trade: "Profitability Norms in the Wholesale Link"]

[Text] Wholesale trade fulfills the role of a connecting link between the production and exchange of goods, i.e. the sale of them directly to the consumers. This determines a number of the features which characterize the operational funds of trade and their circulation. However, the activity of trade must be based on the same cost accounting principles as those that pertain to the activity of the production enterprises, i.e. mandatory profitability.

With respect to the activity of the trade enterprises and organizations, a purely commercial approach is inadmissible because their aim is primarily the fullest satisfaction of the needs of the workers and enhancement of the services for them. Nevertheless, full and skillful use of profit not only is not contrary to this aim but is even an important means of achieving it.

However, to date no normative indicators for profitability have been compiled in trade. This is due to the fact that because of the low level of mechanization of the accounting work in this sector, it was not possible to obtain a sufficient amount of information to provide scientific corroboration of profitability.

In recent years this sector has had an increased influx of computer equipment and one can observe attempts to compile normative profitability indicators by way of experiment at this time.

The amounts of the deductions for the funds of trade development and economic incentive depend on the size of the profit obtained by the enterprise, i.e. its profitability. When these funds are of limited size, the enterprise cannot expand its activity or stimulate the growth of the workers' labor productivity.

Analysis indicates that in retail trade the level of profitability is often low. Stemming from this are difficulties in further development of the material and technical base and in the financial situation as well as coordination failures in the economic incentive program.

All these deficiencies and the lack of coordination are also characteristic of the wholesale link. In fact the profitability level in wholesale trade and its various subdivisions is even lower than in retail trade. Where the retail trade profitability in the last few years has been 1.80-1.88 percent of commodity turnover, wholesale trade profitability has reached only 0.42-0.50 percent of commodity turnover.

Occasionally the wholesale enterprises even operate at a loss. An example is the Kazakhrybpromabyt [Kazakh Fish Sales Plant], which is concerned with the sale of fish and fish products in the territory of the republic.

The unprofitableness or low profitability of the wholesale enterprises ultimately leads to a decline in effectiveness of the national economy and its profitability. Added to this are violations of the principles of cost accounting. However, without an objective criterion for the profitability of the trade enterprises, it is difficult to organize their cost accounting activity.

As we know, profit in trade is evolved from the gross income granted by industry in the form of wholesale sales and trade discounts and price mark-ups on the distribution costs incurred in sales.

In order that the amounts of the discounts granted to trade may enable it to cover the necessary costs entailed in sale of the goods and in order to obtain a definite amount of profit, it is necessary to have particular cost capacities for the various groups of products, since the amounts of the discounts are differentiated according to groups.

Economic corroboration of the size of the trade discounts not only requires information on the cost intensiveness of the goods, information which trade does not have at this particular time, but it is also necessary to establish a norm of profitability for the trade enterprises.

Normal profitability should be understood as that level at which the profit obtained by the enterprise is sufficient to meet the needs for capital investments, for replenishment of the working capital, for the formation of incentive funds and for payments from profit to the state budget in amounts which conform to the current profit, i.e. 55-65 percent of the total profit.

The amounts of the capital investments and working capital in wholesale trade must be substantially increased for two reasons. First, it is necessary to address the task of mechanization of labor, which is at a very low level at the present time and second, there is need to increase the

volume of the commodity mass in the wholesale link. The situation which has now evolved is the following: up to 70 percent of all the commodity reserves are concentrated in the retail link and only 30 percent in the wholesale segment. There is no doubt that this relationship needs to be changed in the direction of an increased proportion of the reserves in the wholesale link and a reduced proportion in the retail one. This would restore the true function of the wholesale link, which is asked to and has the capacity to keep the commodity mass at a higher qualitative level with lower costs and less losses than in retail trade .

Let us cite the appropriate conclusions. The material and technical base of wholesale trade is geared for obtaining the proper conditions for the storage of goods in accordance with the scientific requirements. In addition, curtailment of the volume of commodity reserves in the retail sector will make it possible to free considerable areas for further expansion of the trade halls in the existing stores.

The amount of the working capital is affected by the rapidity of the turnover of goods. In recent years this rate has amounted to approximately 120 days or three turnovers a year for all the types of trade; for the production of these goods about 80 days are needed. Thus, there are potentialities for cutting down the turnover.

A great deal of difficulty arises in connection with determination of the size of the incentive funds in production. The fact is in the other national economy sectors the size of the incentive funds per ruble of wages is far greater than it is in this sector. Thus, in comparison with the other sectors, trade is in the position of a "stepdaughter" and the situation as it has evolved certainly cannot be considered normal.

How are we to define the optimum level and size of these funds for trade at the present time--should they be based on the level in industry or should they be kept at the level already determined in trade?

If the size of these funds is set according to the level of industry, will this be proper even though trade, it would seem, has the same rights as the other sectors?

The scientific associates of the UkrNII TOP [Ukrainian Scientific Research Institute of Trade], the graduate students of the Correspondence Institute of Soviet Trade, including the Alma-Ata branch, and the army of practical workers are currently carrying out research on the activity of the trade organizations for the purpose of increasing the effectiveness of the economic incentive program.

The following deficiencies have also been noted in the existing incentive system:

The methodological directives do not stipulate criteria which would stimulate the escalation of commodity turnover and the enhancement of trade expertise;

The use of the incentive funds, especially the economic incentive funds, is inefficient. There is a discrepancy up to 50 percent between the size of the bonus payments for the year's results and the current bonus payments. And the bonuses provided for the results of socialist competition are negligible;

The bonuses are not geared to the degree of difficulty entailed in the plans;

The incentive fund calculations are based on the volume of commodity turnover without regard to the number of workers and their wages;

The amount of the bonus payments from the economic incentive fund is not limited and this has given rise to instances of illegal payment of bonuses to supervisory workers and other violations.

This eventually led to a situation where the use of the economic incentive fund for current bonus payments and for payments based on the year's results is not stimulating the growth of labor productivity to the proper degree.

The smallness of the fund for socialist competition bonuses keeps it from developing to the degree possible and thereby inhibits the use of effective means of stimulating growth of labor productivity.

The setting up of an incentive fund without regard for the number of workers has resulted, as we said above, in a situation where the economic incentive fund in trade is only a fraction of what it is in the other sectors of the national economy.

The existing statute, which does not set any limits on the amount of the payments from the economic incentive funds, leads to the enterprise's adoption of easily accomplished plans. Nor does management exert itself for this either. The bonus payments are prescribed, after all, in a definite amount for each percentage of overfulfillment. Thus, a considerable overfulfillment of the planned assignments is profitable for them.

Work experience has now provided a sufficiently broad range of factual material in respect to the formation and use of economic incentive funds. Consequently, the need to correct the current situation has become urgent. The UkrNIITOP is preparing a paper on improvement of the economic incentive program. It will be submitted for review to the Ministry of Trade USSR. Until a solution is found for all the problems entailed in improvement of wages and economic incentive in trade, it will not be possible to determine

the optimum size of the incentive funds and, finally, the deductions from profit for the state budget.

An opinion that has gained currency among the economists concerns the need to establish a fixed amount for deductions from profit for the budget, i.e. a definite amount, regardless of the percentage of fulfillment of the plan for profit.

Ratification of a fixed amount of deductions from profit would seemingly play a positive role. The enterprises would be motivated to obtain the maximum amount of profit and they would uncover and exploit additional reserves, i.e. they would strive for a more rational conduct of the economy. The workers in trade would seek out reserves for the growth of commodity turnover volume as a source of profit, knowing that except for the prescribed withholdings for the budget, the entire profit will stay under their control.

At present the amount of these withholdings depends on the actual amount of the profit. The larger the profit, the greater the amount of withholdings from it for the budget. Naturally, this lessens the motivation for seeking out possibilities for obtaining a larger amount of profit.

The budget, in turn, would obtain withholdings in a definite amount, regardless of the enterprise's fulfillment of the plan for profit. However, until these problems are resolved, determination of a normative profitability for wholesale trade will be a very complicated task.

It would seem that the indicators for effectiveness in the food industry--profit in percentages of the wage fund and profit per worker, which indicators comprise 212 percent of the wage fund and 2945 rubles per worker--can serve as a guide for achieving the same indicators for the work of wholesale trade.

We have attempted to compile profitability norms for the enterprises of Kazmyasomoltorg (Kazakh Administration for the Meat and Dairy Trade). In 1978 this republic office had the following indicators: the profit was 266 percent of the wage fund and there were 3,470 rubles of profit per worker, i.e. the indicators were equivalent to those achieved in the food industry.

Also, Kazmyasomoltorg's profitability, in terms of the ratio of profit to commodity turnover, was 0.9 percent.

Since Kazmyasomoltorg's profit in percentages of the wage fund and in amount per worker is close to these indicators in a related sector of industry and since this is being achieved with a profitability of 0.9 percent in relation to commodity turnover, we have tended to agree with the opinion of the experts, who feel that a profitability of one percent of commodity turnover

is an adequate level of profitability for the wholesale trade in food products. This suggestion is also confirmed by the practical workers of the Kazmintorg [Kazakh Ministry of Trade].

This has been the basis for differentiating the profitability indicators for the commodity groups in order to preclude the division of goods into "profitable" and "unprofitable" for purposes of sale in the Kazmyasomoltorg as a whole.

In light of the data of the experiment on the labor--intensiveness in the sale of various commodity groups, we calculated the normative profitability indicators for the commodity groups, employing the coefficient of proportionality for this purpose. This coefficient is essentially the ratio between the optimum level of profitability in wholesale trade involving food products and the average level of expenditures for wages.

These figures have enabled us to obtain the level of profitability for the commodity groups in light of the labor-intensiveness entailed in the sale of these goods; also, to provide for the profit disparity in the sale of all goods. The latter circumstance has a definite purport: stimulation of the sale of the more labor-intensive goods.

On the basis of the estimates and experimental data on the distribution costs for the commodity groups, we corroborated the necessary size of the wholesale sales discounts for the commodity groups of Kazmyasomoltorg. For such commodity groups as dairy, meat, meat and vegetable, and other canned goods this amount differs considerably from the currently existing ones and it does not generate the level which is recognized as optimum for the estimates derived.

The data obtained indicates the need to have this kind of information for the other wholesale trade organizations as well. This will enable them to reinforce the cost accounting principles underlying their operation and to step up their effectiveness.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

CONSUMER GOODS AVAILABILITY KEY TO WAGE INCENTIVES

Moscow PRAVDA in Russian 24 May 80 p 3

[Article by G. Popov, Doctor of Economic Sciences, Professor of Moscow State University: "On the Ruble Earned: Problems and Opinions"]

[Text] The policy of our party in regard to increasing the welfare of Soviet people is conducted in conformity with the socialist principle of payment according to work. Comrade L. I. Brezhnev pointed this out, having noted that wages must in all instances be earned.

An integral part of the perfection of material incentive is the concern about where and how wages are expended.

If There Were Money

At first glance it would likely be simple: if there were money, a place would be found to spend it. But only at first glance. The question of the expenditure of money is one of the most complex questions.

It goes without saying that interest in wages, and that means interest in work, does not hold out for a long time if there is no clarity with the expenditure of wages. It can, of course, be said that wages are not the most important thing, and one even cite data from sociological research. And this will be true. Great is the role of consciousness, responsibility, proprietary feeling and other moral factors inherent in socialism. But if we remember V. I. Lenin's reference to the correct combination of enthusiasm and material interest and to the significance of the latter, it must be acknowledged that a person's attitude toward his or her earnings must be considered an effective incentive to work.

What then--the higher the earnings, the stronger the incentive to work? When all of the earnings were spent mainly for the most necessary things, money incentive was, indeed, exceedingly effective. Now the wage earnings of large contingents of workers have surpassed this minimum. Of course,

perhaps, its average monthly level of close to 200 rubles must be regarded as being not so high. But even at that level, the deposits in savings-bank books long ago surpassed a hundred billion rubles.

And this means that a significant part of the population has spare money at its disposal. Instead of a situation of "I buy because I need to," a situation of "I buy because I like it" has developed.

However, by far not always can a person obtain what he or she likes. And most often because the market is not supplied with the mass of commodities that would satisfy the demand of the population. The deficit of products and articles of high quality is especially felt.

In such conditions, the incentive role of earnings, as well as of bonuses, various kinds of funds and privileges, begins to weaken. People appear who are likely to be disinterested in earning a little more after having worked strenuously.

Where is the way out, how can one do things so that money earnings would not only preserve but also strengthen its incentive influence on production work?

First of all, evidently, it is necessary, as the economists say, to attain the guarantee of the commodity coverage of money and further to increase the production of consumer goods and food. The production of meat, milk, vegetables and fruit, as well as other valuable food products must be increased by all conceivable means. With this goal in mind, the party is firmly pursuing its policy of the further advance of agricultural production. What is needed is a situation in which not only the prime necessities are always and everywhere for sale, but also goods that are now still deficit products--color television sets, automobiles, for example. The mobilization of people for high-productive work, L. I. Brezhnev noted, "makes it incumbent upon us to satisfy the demands of the population more fully, to supply for its growing incomes a sufficient quantity of goods of high quality and services."

It goes without saying that all of this requires a great deal of time. However, even now much could be done. It would help a great deal, for example, if order were brought everywhere into trade and into the sphere of service so that, let us say, articles needed by the people living in Siberia are not offered for sale in the stores of the warm South, so that everyday services are of high quality, operate and are accessible, so that lines do not form, etc.

And nevertheless this will not be enough. It appears that it is important to search for new spheres for the investment of money.

Why don't we think, for example, of building another automobile factory with the means of those craving to become automobile owners and settle with the "shareholders" through the delivery of cars?

And such a thing as cooperative housing construction? The means of the population are attracted here, but so far on a modest scale and in forms that are not too flexible. Quite a few people could be found who would gladly contribute a higher payment for the planning of an apartment according to their own mind, for the presence of a garage in the basement of the house, for a gymnasium.

Still another way--cottage, garden-vegetable garden and other cooperatives. They are coming into existence, but with great bureaucratic obstacles. The main argument of those who oppose them is that there is insufficient land. In so doing, it is not taken into consideration that the land allotted is not of the very best quality, and moreover, this land by no means lie idle but also yield agricultural produce. In other words, this does not interfere with the improvement of the supply of the population with food, but, on the contrary, is conducive to it. And, you know, one also has to keep in mind the summer rest of the children, the spending of leisure time of the workers, and the use of the energy of pensioners. And if these arguments should sound unconvincing, then let us try to discuss the following: Why does society not demand financial compensation from those wishing to take a plot for the income which the kolkhoz or sovkhos would have obtained from these 5-6 hundredths?

Other channels are available for the creation of services attractive to the consumer. Why do we not have additional payments for urgency, for example, in the purchase of airplane tickets, the repair of apartments, furniture, cars? They are accepted in many countries, but in our country they are collected only in dry-cleaning and at the telegraph office.

Some prices and tariffs need differentiation. I will emphasize: I am not talking about an increase, but precisely about differentiation, about putting things in order. The difference in comfort of a trip in a compartment for two in an upholstered car with reserved seating is great. Yet there is little difference in the prices for these cars. The same can be said about the rooms in hotels, in holiday homes, in tourist centers, about apartments on different floors, in different parts of the city (and also in different cities), and similar things.

But many prices now in force can be lowered. For example, the payment for uncomfortable, multi-bed rooms in hotels, for third and fourth class tickets on boats, for the trip to a holiday home in off-season, for night trips on airplanes, and so on. That is to bring payment into line with the quantity and quality of services.

The Other Side of the "Coin"

Of course, it would be naive to assert that the proposed measures as a whole exhaust the problem of the increase of the incentive influence of

earnings or that it is worthwhile to implement them--and the labor productivity curve will quickly turn upward. The straightening out of the sphere of the expenditure of money must be accompanied by the putting in order of the possibilities for earning it. Those are two sides of the same coin. And "the other side", very likely, is more important and requires still greater attention.

The system of payment for labor in our country developed a long time ago and its process of perfection does not always keep in step with life. Thus, the difference in the earnings of an idler, who only serves as a replacement, and the best worker, who throws himself heart and soul into the common cause, is very small at the present time. And if we take design bureaus or scientific research institutes, it is even smaller there. On the average, the gap in wages of the foremost worker and the worker who lags behind does not exceed 30 percent. It comes as no surprise that careless workers are in no particular hurry to raise the productivity of their labor, to catch up to the foremost workers. And even the good workers can, if they are really interested, work still better.

We must rigidly link the results of labor with its payment. And not introduce here unnecessary restrictions if payment is an incentive to greater productivity. Most desirable would be to establish an order in the sphere of material production in which an increase in labor productivity is of decisive significance for the development of the economy of the country as a whole and the steady increase of the production of consumer goods in particular. But it happens that some engineers earn additional income by adjusting radio sets, many workers repair automobiles and apartments after their shift, unload railway cars, etc. During their shift they work at half-capacity. That is, the first and most important part of the socialist principle--to work according to abilities--is not always being realized. It will always be realized only when the individual begins to work at full capacity and correspondingly earn more money precisely for his basic work.

From where is the money to come to provide for such a possibility? On the one hand, it must be provided by those new spheres of the expenditure of wages about which we have already spoken. On the other hand, it is not a sin, it seems, to take a stricter approach to paying the careless worker and by virtue of this pay the outstanding worker more.

Of course, these proposals engender a mass of doubts and questions. Will money-grubbing not be reinforced? Will material inequality not increase? What will be the situation in regard to the principle of free medical treatment and study?

We will look truth in the eyes. Yes, in some cases elements of material inequality, of "preoccupation with material things" may be added, etc.

But, first of all, we are not speaking of any reduction of the benefits given to workers without pay--all of them are preserved and, as the result of the realization of the social policy of the party, are steadily growing. We are talking about supplementing the right to free benefits and services with the "right" to paid services.

We must also take into account the fact that dishonest people are beginning to live parasitically on the de facto inequality in the quality of benefits received without pay. Sometimes the press writes about illegal requisitions for a free apartment in a better district, as well as for a pass for a more attractive room. An assessment of the real difference in the benefits received in terms of money, the payment of this money to the state, of course, will create a cleaner moral atmosphere.

Secondly, the elements of inequality that may be generated by the proposed measures--these are elements of inequality between bad workers and good workers; they flow--and must flow!--organically from the principle of payment in relation to the quantity and quality of labor. In the presence of a correctly-organized payment of labor, when people receive money precisely for the best work, those gain first and most who work more and better. And that means that society gains as a whole.

And, finally, thirdly. The realization of the proposed measures must be viewed in unity with the tasks of strengthening social control--and for earnings and expenditures the strengthening of educational work, the expansion of publicity. It appears that we must know more precisely than we know now the volume and the sources of the incomes of every member of society. There is no need to be ashamed to ask an individual planning to purchase a car or a dacha with what means the purchase is being made. It is necessary to conduct a decisive struggle against speculation, against other forms of non-labor incomes.

Perhaps to think also in terms of introducing a more sharply progressive tax on some excessively high incomes (received from other types of trade at markets, work during rest time, guest performances, etc.). This would be an effective means of equalizing real incomes. For families with a low income--as a result of the number of children or the health condition of the adults--we must increase advantages, allowances, all sorts of credits and loans.

All of these are difficult problems. But regardless of how difficult they might be, they must be solved. Putting in order the sphere of the expenditure of money, the perfection of the payment of labor are the indispensable condition for the success of all other efforts to increase labor productivity.

CONSUMER GOODS PRODUCTION AND DISTRIBUTION

PROBLEMS IN DAIRY INDUSTRY IN VOLGA AREA

Moscow SOVETSKAYA ROSSIYA in Russian 23 May 80 p 1

[Article by V. Lysenko: "Drops in Milk Output"]

[Text] To ensure the further increase in production and procurement of milk means doing one of the most important tasks set by the November (1979) Plenum of the CC CPSU for agriculture. Despite the unfavorable weather conditions of the recent winter, many kolkhoses and sovkhoses of the republic produced and sold more milk than one year ago and increased the head of cattle. But on the whole for the Russian Federation, towards the middle of May, as the RSFSR Central Statistical Administration reports, only 55 percent of the overall volume of purchases in milk according to the plan was carried out during the first half of the year. In comparison with the same period last year, they were approximately 800,000 tons short in products, including 127,000 tons of products not submitted by animal husbandry workers in the Volga area.

According to the results of the first quarter, the Challenge Red Banner of the RSFSR Council of Ministers and the All-Union Central Council of Trade--Unions and the first monetary prize were given to the Tatarskaya ASSR for the increase in production and procurement of animal husbandry products and for increasing the productivity of livestock and poultry. In the middle of May the rates here did not decrease. This is the only area of the Volga where the amount of milk purchased was more than the previous year.

On the whole in the region, one must admit, that the dairy farms are developing weakly. The facts attest to this. Only 90 percent of the plan for the first quarter for procurement was carried out. The farms of Saratovskaya, Pensenskaya, Ul'yanovskaya, and Astrakhanskaya oblasts and the Kalmytskaya ASSR, where only 78-86 percent of the tasks were carried out and the level of purchases was reduced by 14-31 percent, are in debt to the government. The procurement of milk in April has slowed down even more and in May the situation was being corrected too slowly.

Besides this period in the concluding year of the five-year plan farm workers of the Volga area must sell almost 4,900,000 tons of milk, that is, 5.2 percent more than last year. A serious lag in the first one and a half quarters complicates the task and the rates of increase must be multiplied by more than two for what was intended.

What interrupts the business? First of all it is the low productivity of the cows. On the average in the Volga area farms, in the course of four months, 578 kilograms of milk is taken from each cow--52 kilograms less than in 1979, while on the farms of the Kuybyshevskaya, Pensevskaya, Ul'yanovskaya, Saratovskaya, Astrakhanskaya oblasts and the Kalmytskaya ASSR the amount of milk taken was reduced by 60-180 kilograms. In this step backward many inadequacies were expressed in concentrated fashion: both the poor feed of the dairy herd and the weak organization of the mass milking of cows and breeding work.

But there are other obstacles in the path of increasing milk production and primarily the extremely slow growth of the number of cattle. On the whole for the area it has remained at last year's level although in the Ul'yanovskaya and Volgogradskaya oblasts and the Bashkirskaya ASSR it grew somewhat while on the farms of the Astrakhanskaya, Pensevskaya, Saratovskaya oblasts and the Kalmytskaya ASSR it decreased. Apparently, the time has come to increase capital investment for expansion, for the reconstruction of existing and for building new facilities for replacement herds, for additional organization of farms for raising future cows. The interests of the business requires such rates of cattle production in order that annually an increase of dairy cattle be insured within the boundaries of 3 to 4 percent.

All of these problems can be more easily solved where a progressive shop--flow-line system of housing animals is implemented. On the Progress Kolkhozes of the Kuybyshevskaya Oblast, where they have been working at it for two years, they have been receiving high yields of milk--about 3,600 kilograms and 114 calves per 100 cows. This is not a bad result and a weighty argument in favor of the progressive technology. But it was advantageously evaluated only in the Kuybyshevskaya and partially in the Saratovskaya oblasts; it is particularly successfully implemented in Tatariy. In other areas of the Volga area, they have hardly attempted to use this resource.

The problem of the quality of the milk still remains a pressing issue. Although in a number of areas in the region, for example in the Pensevskaya Oblast and Tatariy, they were able to go forward somewhat and increase the share of top grade products by up to 85 percent. On the whole in the area the situation is not good: the Astrakhanskiy and Kalmytskiy farms sell too little of it.

Here is another channel of "milk loss." Due to the low level of fat in the milk, the kolkhozes and sovkhoses of the Pensevskaya, Ul'yanovskaya, Saratovskaya oblasts and Bashkiriya from 4 to 9 thousand tons were not included in the plan, that is, about 5-8 percent of the overall quantity of the products submitted.

The development of dairy animal husbandry at the present stage is not possible without the specialization and concentration of production on the basis of inter-economic cooperation and agro-industrial integration. What kind of an example is being given by the Volga area signals for the farms--dairy complexes which numbered over 150 in the area? Unfortunately, many of them operate at half capacity. The explanation is found in the fact that one out of three of them does not have a full complex of cows. The projects stipulate the productivity of each animal at the project to be 3,500 kilograms of milk; however, this level is reached only at 11 of them and at 12 of them they get slightly over 3,000 kilograms.

The animal breeders of the Volga area have at their disposal all of the opportunities in order to improve the efficiency of dairy production to the level required by today. The nearest task is to successfully complete the transfer of the cattle to pasture land, achieve the highest productivity of cows during the summer, make up for losses during the first months of the year and successfully manage the plans and obligations.

Attention: disturbing figures!

During the 4.5 months the farms of the Volga area were short in their delivery of milk to the state in the amount of 127,000 tons in comparison with the same figure of last year.

The Saratovskaya, Penzenskaya and Astrakhanskaya oblasts were short 73,000 tons.

Fifty-five percent was the figure of the carried out portion of the plan for the six months in milk procurement.

Fifty-two kilograms was the amount not received of milk from each cow compared with last year.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

GOODS, SERVICES AT OLYMPIC VILLAGE DESCRIBED

Moscow SOVETSKAYA TORGOVLYA in Russian No 4, 1980 pp 57-58

[Interview with V.I. Pavlichenko, chief specialist on organization of trade services at Olympic Village, by journal special correspondent V. Shvorina: "According to the Laws of Hospitality"]

[Text] A little more than two months remain before the start of the 22nd Olympiad Games. And less than that to the opening of Olympic Village. It will hospitably open its doors to emissaries of many countries just three weeks before the start of Olympiad-80. At the present time, the readying of this most important Olympic facility is practically completed.

Chief specialist for organization of trade services at Olympic Village V.I. Pavlichenko answers the questions of V. Shvorina, a special correspondent of our journal.

[Question] Vladimir Ivanovich, tells us, please, about the basic principles of preparation for the trade servicing of members of sports delegations at Olympic Village.

[Answer] Before the present structure of our unit and plan of its future work had been determined, specialists from the General Management of Olympic Village did a lot of painstaking preparatory work. We attentively studied the experience of trade organizations of earlier Olympic games, first of all in Montreal and Munich, as well as the reports of our delegations which had stayed at these and other Olympic villages. Our possibilities were carefully weighed and analyzed.

As a result, an assortment of goods was determined that would be feasible to offer at the trade center of Olympic Village during the period of the 22nd Olympiad. These goods will be sold by GUM, Moscow House of Books, Bereska firm and the Moscow City Agency of Soyuzpechat' and also of Mostavettorg.

Souvenirs constitute the bulk of items to be sold. They will be supplemented by essential manufactured goods, toiletries for both men and women, perfumes, cosmetics, jewelry, watches, motion-picture and photographic equipment, haberdashery and leather goods, phonograph records and badges.

The Moscow City Soyuzpechat' Agency is arranging for the sale of Soviet and foreign newspapers and magazines. A broad assortment of stamp collecting items will be offered. Incidentally, philatelists will be able to have their stamps cancelled at the post office, which is located next to the trade center.

The Moscow House of Books will offer to members of national sports delegations entertainment, sports and other literature in various languages. Guidebooks, maps and plans phrasebooks and dictionaries will be of help to them in better orienting themselves in our multimillion city.

The Berezhka firm will sell approximately the same assortment of goods in freely convertible currency.

A festive atmosphere will be created in Olympic Village with bright tulips, tender pinks, gracious gladiolas, delicately fragrant roses, which will be provided in profusion by Mostavettorg Administration.

It should be said that purchases will not have to be made only at the trade center. Mostavettorg and Soyuzpechat' are organizing in different locations of Olympic Village the trade and sale of portable items in kiosks.

In addition to Soviet service organizations in Olympic Village, foreign firms will also be involved. They will provide sportswear and equipment for Olympic participants. For the sale of these goods, the firms will have 340 square meters of trade space, where personnel of Rosinvalyutorg Administration will serve sportsmen. Consultant-specialists will be found here who will help purchasers in the selection of items they want.

[Question] Tell us in more detail about the actual trade center in Olympic Village.

[Answer] It is located in the center of the village's international zone. It is to be found next to a complex of enterprises providing municipal and everyday services. The absence of food from the trade center's assortment is to be explained by the fact that numerous public-dining establishments are to be found in Olympic Village (incidentally, right next to them): a dining-room restaurant with 4,000 places, the Russkiy Chay Cafe, a milk cafe, an ice cream cafe and a restaurant in the cultural center.

Sportsmen will be aided in finding the trade center in Olympic Village with pictographs located in the more congregated places. The trade center's facade is embellished with an illuminated sign.

The trade center's total floorspace is more than 1,600 square meters. Naturally, the specialists tried to locate as rationally as possible sales sections in this extensive space. On entering, one may purchase the latest issue of newspapers or required items. In the depth of the room, a customer could leisurely select a souvenir or an interesting book, a record, a motion picture or plain camera. He would be assisted in selecting an item by consultant-salespeople, administrators for the salesroom, consultant-interpreters. Television cameras located in salesrooms will permit store management to observe the general atmosphere of the trading process and to make necessary corrections.

[Question] What additional conveniences and services for customers are being planned for the trade center of Olympic Village?

[Answer] Both planners and builders have tried to provide maximum comfort for our Olympic customers. The interiors of the spacious well-lit salesrooms are finished in metal, valuable types of stone and wood. An air-conditioning system will be in operation. Equipment by the Estonian Vikero Combine has been installed in the rooms, making for convenience in looking over and selecting items. Provision has been made for rapid delivery of goods to the facility and timely replenishment of product stocks and a precise and efficient system of settling accounts of customers. A packaging desk exists for those who want to make use of its services. Carefully thought out advertising in the form of successfully placed signs of different kinds and a voiceless information facility will be of assistance to the trade center's guests. In the interior of the room near the souvenir department a rest area has been created for customers.

Special modes of dress were developed for the salespeople of Olympic Village's trade center by the Moscow House of Models to add special color to the atmosphere. The personnel of the different trade organizations will have different modes of dress. For example, the striking mode of dress for the personnel of Berezhka made in the Russian style are quite different from the strict dress of the personnel of the Moscow House of Books. A special Olympic uniform is being made for the salespeople of GUM and Soyuzpechat'.

[Question] What are your present concerns and problems?

[Answer] The trade center was turned over by the State Commission toward the end of last year. Technological trading equipment was delivered and installed. The buildings are equipped with antifire and protection signaling systems and means of communication.

Work is continuing on the selection of goods for the Olympic Village's trade center and on the determination of their volume. We prefer goods with the Olympic symbol and the Seal of Quality. An important role in the provision of goods for Olympic Village in the necessary volume and assortment is played by the USSR and RSFSR ministries of trade.

We pay a great deal of attention to cadre selection and placement. In each trade organization, persons have been chosen who are responsible for trade services in Olympic Village. Heads of branches of these organizations in Olympic Village have been appointed. The work of the different trade organizations is coordinated by the general director of the trade center.

In Olympic Village's trade center, the best personnel of the invited trade organizations will be working. For the improvement of professional skill and standards of trading services all the coming personnel have undergone training according to a specially developed program.

We are now carrying out a kind of rehearsal of the work of all the subunits of Olympic Village, including the trade center, so that during the time of the Olympiad this united organism would work with precision and coordination and our guests would take with them on the termination of the games most pleasant memories of the hospitable Moscow land and its Olympic home.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

READER COMMENTS, CRITICISM OF BREAD QUALITY, SUPPLY

Moscow SOVETSKAYA TORGOVLYA in Russian 24 Apr 80 p 3

[Article by V. Maslennikov: "Our Daily Bread"]

[Text] Skating along whistling and shouting, the little boys chased after the puck. But the puck rattled along the boards of the rink somehow unusually, sounding not quite as it always does. This was not a real puck. The young hockey players were chasing after a frozen heel of a loaf of bread. We won't inquire who was the first to throw a piece of bread onto the ice or who was the first to hit it with his hockey stick. Something else is more important: these kids are not the only ones, nor did they think that they were doing anything blasphemous.

Our daily bread.... How often we repeat these words without even thinking about their basic essence. We cannot even imagine that bread would suddenly be absent from our tables. It is cheap and accessible. Very cheap....

The price of bread, like the cost of apartment rentals, in our country is the lowest in the world, and it has not risen in five decades. And we are proud of this. Neither the caprices of weather nor the refusal of certain groups in the West to trade in grain with us have affected nor could they affect the assurance of the Soviet people with regard to the basic food product--bread. It is appropriate here to recall the following words of Leonid Il'ich Brezhnev, stated by him in answer to questions from a PRAVDA correspondent: "The Soviet people has at its disposal sufficient potentials to live and work peacefully, to carry out the plans which have been outlined, and to increase its prosperity. In particular, I can assure you that plans for assuring that Soviet people receive bread and bakery products will not be reduced by a single kilogram."

Nevertheless, we need to inculcate a rational, careful attitude toward bread. This is also the opinion of many of our readers who have responded to the publication in our journal of the following articles: "The Smell of Bread" (28 February 1980) and "Bread--Our Wealth" (15 March 1980).

Many of them link the solution to this problem directly with the quality of the bakery products being turned out. Our reader from Pavlograd, M. Klimenko, writes as follows: "You buy a loaf of bread for 26 kopecks, and the middle of it is all raw and moist. You cut off the outside part, eat it, and throw the rest away. It would be bread of a better quality if people in the store did not take two or three loaves each.... For such bread we frequently scold the trade workers, though they are not really to blame but rather the bakery plant itself. I consider the poor quality of bread to be a mockery of the grain growers' labor. It is time to hold strictly accountable for the deficiencies not only the plant supervisors but also those to whom they are subordinate...."

This letter was dictated by the same kind of sincere concern about the attitude toward bread. Its author names one of the specific reasons for the increased consumption of bread and indicates a specific method of eliminating it. This reader is right. An increased demand on everybody who is responsible for the production, transportation, and sale of bread is the most genuine method of solving a problem which is disturbing to everyone.

The same thought is advanced in their group letter by the inhabitants of the workers' settlement of Shipunovo, Altay Kray, L. Samoylenko, M. Stupnikova, V. Samsonova, M. Ivanova, and others. Telling about how they have had to buy raw or underbaked bread in the store, they directly indicate one of the reasons for this--the lack of ability on the part of the local bakery combine's supervisors to instill order in the operation, in particular, to put a stop to the high turnover rate among the bakers. "Essentially we are constantly eating bread made by 'student' apprentices. References made to complex local conditions are unconvincing: in our neighboring Pospelikhinskiy and Aleyskiy districts they have somehow been able to put completely satisfactory bread into production." I. Khalaimov, a former worker in one of Kurskaya Oblast's bakery plants, wrote to us about the low quality of bakery products which are delivered for sale as a result of purely organizational disorders.

A large group of our readers, who have written to the editors concerning instances still being encountered of the unsystematic delivery of bread to the stores, also emphasize that incapable organization of bread transportation, under which conditions there is either a feast or a famine on the store shelves, is not simply an inconvenience for shoppers but is also one of the factors of its irrational consumption. People buy bread in somewhat greater quantities "just in case," because they lack confidence that when needed they will be able to obtain it. When delivered in excessive amounts, bread becomes stale on the store shelves. When bought by the shopper in order to "stock up," bread becomes stale on the shelves of the latter's home. This is the subject of letters from our readers in Kerch', Pavlovsk, Voronezhskaya Oblast, and from Pechora, Komi ASSR.

But far from everybody considers stale bread to be a spoiled product. "A good housekeeper will always find a worthwhile use for it. The trouble

is," states our constantly critical author from Kaunas, A. Lebedev, "that we still lack powerful enough propaganda concerning the secondary processing of bread under domestic conditions, even though a large number of tasty and nutritious dishes can be made from it without losing a single crumb."

"Pardon me," as if retorting to him, states the Muscovite, A. Vinogradov, "but, in agitating for making cakes from stale crusts or simply advocating the general collection of bread as a food waste, are we not closing our eyes to the formless (in principle!) attitude to our principal food product? And is it not time to stop reconciling ourselves to the fact that a considerable amount of excellent bread, especially in rural localities, is still acquired as livestock feed?"

It is difficult not to agree with the justice of these words, but we would also like to object to their author in certain regards. Whether we like it or not, some portion of bread will still become waste products. But they are far from being used in a business-like way everywhere. Some do not know how to do it, while others simply have no time for this. It sometimes happens that in certain places they do manage, finally, to set up the collection and processing of wastes, and they strive to portray this as almost their own labor victory. And it never occurs to such an "organizer" that this is not an achievement at all, but simply the necessary and normal attitude toward bread.

With regard to the assertions about the inadmissability of such a phenomenon as feeding bread to livestock, hardly a single person could be found who could convincingly deny it. However, we will not close our eyes to the fact that such things still do occur and, unfortunately, fairly often. We think that this is the topic for a separate, large-scale conversation.

We still bring our people up poorly, considers our reader, Ya. Sergienko from Novosibirsk. Love and respect for bread must be inculcated from the very earliest years. But among us even calls for economies in bread consumption appear in stores and cafeterias only from time to time as campaigns of brief duration. This work must be carried on constantly and everywhere, without weakening even for a moment, especially among the young people and schoolchildren.

There are many letters in the editors' mail concerning the need for a careful attitude toward bread. Their authors approach such an important problem in various ways; they suggest various ways and methods for solving it --large-scale, major, and private ones. But they all agree on one thing: bread is not simply a food product. And our attitude toward it is a measure of our moral qualities.

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